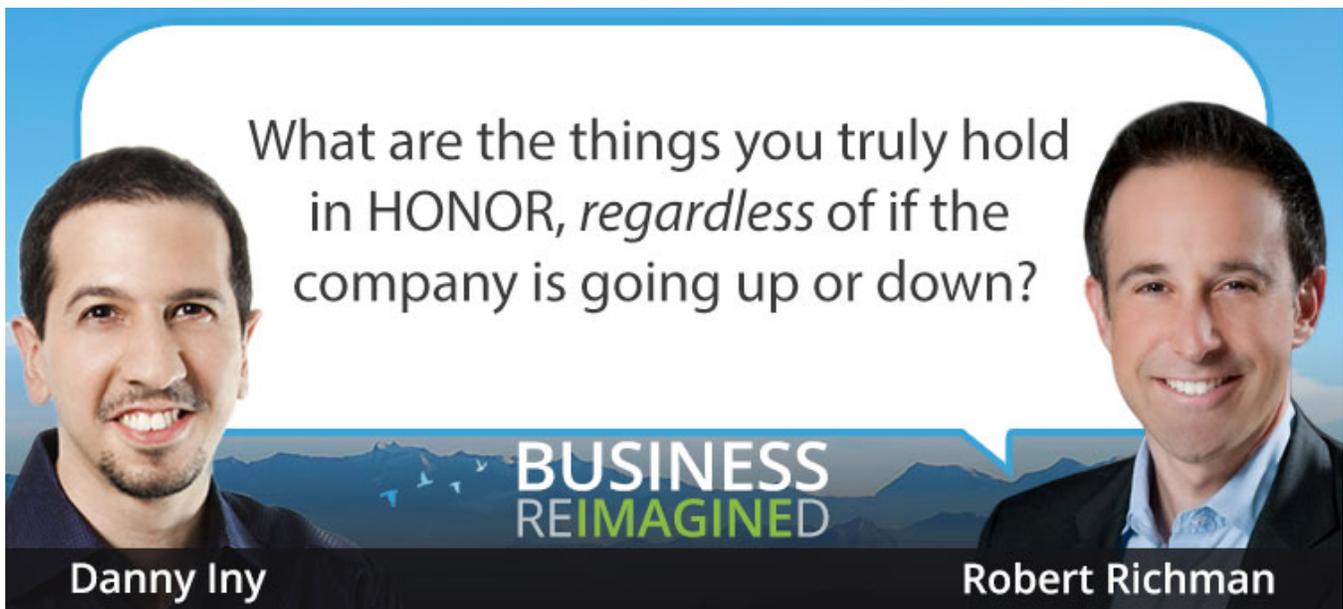


*Business Reimagined #58*

## Create a Zappos Culture with Robert Richman



Robert Richman is the author of the Culture Blueprint a systematic guide to building the high-performance workplace. He was a manager and culture strategist at Zappos.com and co-founded Zappos Insights, an innovative program focused on educating companies on the secrets behind its game-changing employee culture. He took Zappos Insights from an idea to a multimillion dollar business line. Robert has spoken to and consulted for Google, Toyota, Eli Lilly, Whole Foods, Intuit and many other companies.



*Voiceover:* This is Business Reimagined.

*Voiceover:* Every week, we talk with thought leaders and revolutionaries who are reimagining the way business is done in their industries, like today's guest, Robert Richman.

**Robert:** Culture's all energy. That's what's at its core. If you have something blocking energy, then those deeper changes that I'm going to start recommending, it's going to be way easier to do those things when you have more energy.

*Voiceover:* This is Business Reimagined with Danny Iny.

**Danny:** Culture has been a buzzword in the corporate world for decades now, and the rise of Zappos was a big part of making that happen. As an entrepreneur, you might think that culture is the sort of thing that can wait until your business is established and your team is fully formed. You might be surprised to learn that today's guest, Robert Richman, who was part of building Zappos's culture training program says that the earlier you start, the better. In fact, Robert started very early, and he thinks you are already an expert.

**Robert:** I started clubs as a kid. I think that culture is like fish in water. It's everywhere, and we're both experts in it all the time and we don't realize it's there at the same time, because culture is all around us. It's anytime you have more than 2 people in a room, culture starts happening.

**Danny:** Just because you know culture doesn't mean you know business. Robert's first venture met with astronomical debts, lawsuits, and what he calls a study of everything not to do. In the hard months that followed, he became a spinning teacher/DJ for indoor cyclists. Robert found happiness in that, and sure enough, his passion for culture came back. He later had the opportunity to collaborate with the authors for the book, Tribal Leadership, which then put him in front of Tony Hsieh at Zappos. Tony wanted to create culture as a product, and the 2 of them got together after Robert's presentation.

**Robert:** That night, we went to happy hour. I saw Tony talking to this guy. I said, "Tony, is that David DeAngelo?" It was this dating expert that I had studied. He said, "Yeah. His real name's Eben Pagan," and Tony said, "I've read all his stuff." I'm like, "I've read all his stuff." We started talking about the business model that Eben Pagan had created, how to turn information into these products that you could sell and teach people. It was through that relationship with Tony that I started brainstorming ideas with him and giving all my best ideas without charging for anything.

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I said, "This is I think you could do. You could do this. You could do this. You could do that." I'd never done it before. I was just fascinated with the model. Then he said, "Would you like to come in to Zappos and do this?"

**Danny:**

Together, Tony and Robert hammered out a plan to teach culture to other business owners. Robert promised Tony 5,000 new website members on the video education hub he was going to create, but Robert was stopped in his tracks almost on day 1. He asked his audience what they thought of the videos that he had offered them, and the answer shocked him for 2 reasons.

**Robert:**

They said, "Oh, it was so-so." I couldn't believe it. I had moved to Vegas to work on this project. I thought this was going to become my career, and people were saying this product that we created was just so-so. They said, "But the experience of being at Zappos blew our minds." I said, "What are you talking about?" They said, "Well, we just didn't believe all this was possible. We didn't believe all the hype. Now you have us interacting with people. You got us part of the culture. You got us on the phones with people and customers, and seeing your processes." They said, "Now we actually believe it. Now that we believe it, we can really do it."

I realized, "Oh, in the same way Zappos is a customer service company that happens to sell shoes, this Insights project that Tony wanted to develop, we were a belief changing company," it still is, it's still going today, "that happens to sell corporate training." I built a whole experiences program there with the team. It was funny because afterwards Tony and the others had said, "Wait a minute, you didn't get us 5,000 members." I said, "You're right. I didn't. I totally own up to that, but we got our revenue projections for month 12 by month 3. You want to keep talking and do this, or should I go leave?"

**Danny:**

How did Robert turn Zappos's culture training around? It was all in the experience his team created for their students. When it started with something everyone is touched by and vulnerable to.

**Robert:**

We created frustration, again not intentionally, but the way that we created frustration, because if you've got frustration, you've got pain, and people want to solve pain. By taking them on tour, this is one of the very first things, and they get to go on tour and they see all this happiness, and they love it, and they enjoy it, and then they get frustrated because they're like, "Wait a minute. I don't have this and I want it," or, "Wait a minute. I don't have this and I'm upset because I feel like I can't." The frustration is just noticing that something could be better and it's not. That's all frustration really is. What we first did experientially was build up that

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inspiration and frustration at the same time. Look at how great it could be, and look at the delta between what you have and this.

The second part was they were really about, "Okay, now I need more info." We loaded them with info after that experience. Then we got to give them an inaction. Rather than talking about innovation and customer service and all that, we would put them on the phones, overhearing live right next to the representative, so not a recorded call, but right next to a rep. You get to hear somebody in real time figure out how to wow a customer. They would listen for hours. It blew my mind. I couldn't believe they wanted to keep listening, but they didn't want to even get off the phones. They were like, "We just want to keep experiencing this, how you handle in real time wowing customers. It's incredible to watch."

Then the third part of the experience is the believability for themselves. What we would do is do a hot seat, where somebody would say, "Okay, here's why I can't have this. I've got this board member. I've got this. I've got that." The group together would coach him or her on the issue. They would often have a breakthrough, especially since I'm trained as a coach and I would often be the one guiding them through it, of what they could have as a breakthrough. Then what we would do is also fly somebody in from a previous workshop who had great success, and they would be telling the story for us. They would say, "Look, I know, I've been in your seat. I've been overwhelmed. I've felt like I couldn't do anything. Here's what I did. Here's the effects. What questions do you have?" That third day, believability, was absolutely key.

At each point there was something experiential. There was the first of an inspirational experience that actually created frustration. The third of it in real time experiencing service and innovation. Then the third was them hearing from somebody who wasn't Zappos who had been in the seat they were in and watching somebody go through a transformation right there in that hot seat of being frustrated to having a total opening of possibility.

**Danny:**

What was the impact of this program? I ask because there are a lot of things people want to learn that are very hard to get your head around, and culture, I think, is definitely one of them. It's one of those things that you know it when you see it, but trying to recreate it is kind of like bottling lightning. Copying these 5 practices at Zappos doesn't give you the culture of Zappos. How able were people to take this and then go home and recreate it?

**Robert:**

They were in very different ways, because that's the thing is like ... That's what annoys me about these programs with these huge notebooks that you take away from it, is that honestly it's going

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to be 1 or 2 things that are major game changers that they take away. If they have a game changer, they will love you forever, but if they have a huge notebook filled with tasks, to-dos, and models and stuff that they're overwhelmed with, it's going to go on the shelf and people are never going to use it. Some people would just walk out of that whole weekend. One, you want them to have a good time. At least let them walk away with that.

In terms of like you're talking about, the impact, the first is some people will walk away going, "Oh my God, I know what I've got to do. I've got to fire John. He's my best developer, but he's making everybody cry. I keep him around, because I think it's going to be so expensive to replace him, but now I get how important culture is. I got to do it." They report back, and they say, "Wow, it was hard at the time to do it, but we ripped that Band-Aid off and the culture is so much better." That's just 1 example of a high leverage move.

It continued to surprise me and realize how judgmental I could be, because a Mexican company came through. They said, "Oh, you've got this popcorn maker at the front. We're going to do the popcorn maker. That's our action." I said, "You guys don't get culture at all. Culture is not a popcorn maker. It's not a pool. It's not a [foos 00:08:49] table. It's nothing like that." They surprised me, because they came back and they said, "This is our new hub of conversation." They said, "Everybody gathers around in conversations." He said, "People bring in different flavors. There are people who maintenance it. There are people who operate it. It serves as this fascinating gathering point for conversations that wouldn't have happened before." That was a game changer for them because it was outside of the meetings of work.

There's all kinds of stories like these of the game changing move people have done, but I think it's important for everybody to know on this podcast that that's the impact. It's not how big of a book you give them. It's not how many techniques that they get to walk away with, but it can be 1 or 2 really, really powerful things that truly move the needle.

**Danny:**

I'm going to ask a question that I know is wrong in its formulation, but I want to hear how you push back on it. As you said, a popcorn maker is not culture. Even when you use it in exactly the right way and it is a hub of conversation, it's a game changer, it's a step in the right direction, but it's not like, "Okay, now you have the magic of culture," right? It's 1 step.

**Robert:**

Yeah. Yeah.

**Danny:** I know this is completely the wrong way of looking at it, but I can hear it, like the accountant type listening to this and being like, "Well then, how many times do I have to come back to this program to take home 1 game changer and implement it? How many of these cycles? How many months? How many years before I've got the culture done?"

**Robert:** It's a fair question. It's one I'd be lying if I told an exact answer. I think the book Good to Great put it well where it's the flywheel. The flywheel concept, if it's a heavy flywheel and it takes a lot of energy at first, but once you get momentum going, it's easy to keep it moving. It's a high investment at first. It's answering those harder questions around what we value, what the vision is, like what's our criteria for bringing people in? How do we onboard people and indoctrinate them into the culture? How do we reward them? What's a fireable offense? What's our way of evaluating people? All that, it takes a lot of work upfront, but once you got those systems in place and have mechanisms to check back and see how they're doing, it starts to run itself.

You got to really believe in culture and believe that culture works, but it's not going to be ... In some ways, you think about it like a marriage. If you're not getting along well in the marriage, there's going to be some work upfront, and then once you do that work, it gets easier, but that doesn't mean it's ever done, like you can check off the, "Oh, I got a great relationship and it's never going to ... anything going to go wrong again." It's just that now you have better tools, better communication. You work through things faster. It's always something to keep an eye on, but the heavy lifting happens at first.

**Danny:** For someone who is like, "I know that I need my organization to have a better culture. I know that's important. I recognize the value. I'm not sure where to start," where do I start? What are some quick wins that you typically recommend? Let's assume it's not the popcorn machine.

**Robert:** Yeah, so here's the 2 quickest wins that you can do. For some people, it can be really confronting and challenging, but it's very simple. The 2 are there's clearing anything that you don't need. Think about if you're going to organize your desk or if you're going to clean out a closet. It's way easier to simply get rid of stuff that you're not using, that's not valuable anymore, that you don't like wearing, than it is to try to figure out how to organize and deal with all that overhead.

If you know that somebody is really underperforming, and you just don't feel comfortable letting them go, if you know that you're doing a business line that is dragging the company down, there's oftentimes I'll probably just say that, and there's something that comes up in your

mind that you've been avoiding. If there's something you've been avoiding, that's going to come up no matter what other things you do. I would focus on that thing that you know you're avoiding first, because that'll free up a lot of energy, especially if it's cutting out something that you don't need to do anymore or a person that really shouldn't be there anymore. It's going to be way easier to work on culture if you don't have a toxic person there.

**Danny:**

I want to push back and I want to understand this, because it sounds like, on the face of what you were saying is that the first step to improving culture is to fire some people, which is maybe or maybe not that's what you're intending, right? In a giant mega corporation, yeah, sometimes you've got people. It's like a Silicon Valley scene where the person's sitting on the roof and doing literally nothing, but usually there's an impact when people have to be let go. I'm not talking about the person who is clearly toxic. Obviously those people have to go, but help me understand your thinking here.

**Robert:**

It's destroying what doesn't work. That's the simple idea of it. It's way easier to destroy something that doesn't work than to create something new in order to free up energy. Toxic people is just 1 example. A lot of people when they hear that, they know if that's that person. If you're a solo entrepreneur hearing that, you might know other toxic activities that you have. You probably know if you're spending a half hour on Facebook that that's not exactly helping your business. You know that, and you don't want to acknowledge it. You know it's like the candy of our attention. There's probably something that you're doing that you know is not so effectual for you. For me, it was even recently. I knew that being on email all day, I'm not productive being on email all day. I need to limit it to 2, at most 3 windows, and then focusing on the rest of my to-dos. I was addicted, and I knew it. It's those kind of things, like there is something that you know is not working and let's start by eliminating that.

**Danny:**

How does that tie back ... I see how that plays into personal effectiveness or effectiveness of an organization. How does that play into culture?

**Robert:**

Because culture's all energy. That's what's at its core. If you have something blocking energy, then those deeper changes that I'm going to start recommending, and it's in the book, *The Culture Blueprint*, and the new culture hacks site that I have coming out, it's going to be way easier to do those things when you have more energy. I'm trying to think of an analogy within the physical fitness world. I just heard of this guy who was buying this \$15,000 bicycle to shave pounds off here and there, and how much easier and cheaper it is just to lose a few pounds on your body than it is to shave off a few pounds on this massively expensive bike. That's kind of



how I see it happening, is that if you don't do things to clear out things that aren't working to free up energy, it's going to take more time, energy, frustration, money, to do these other culture changes that you want to do.

**Danny:** Got it. You've eliminated the extra baggage.

**Robert:** Yes.

**Danny:** Okay, so you're leaner. You're not encumbered by the things that were holding you back, but culture is still not where you want it to be. What do you do next?

**Robert:** Next is you be vigilant about time and being on time. That means no more showing up late to meetings, no more cancelling calls. You want to get really, really serious about your relationship to time, because I've found that a culture's relationship to time is in direct correlation with respect and how much you respect each other's agenda, because if I decide I'm going to be late to this meeting, I'm essentially saying my agenda takes priority over yours, which is disrespectful. If everybody is on time, then we are saying we are all equal in the culture.

A lot of people want to have this culture where they say, "It's not somebody better than them. The manager isn't better than the employee," but yet the manager pulls these power moves where he's or she's allowed to be late while other people aren't. If everybody's on time, like at Zappos, in all my years there, Tony, the CEO, was never, ever late. He was either on time or early every single time for years. He's got way more important things to do than some of these side meetings that we'd have. He could easily have stayed later at a different meeting, but he's impeccable with his time. I think that that's one of those wax on, wax off kinds of things, you know from Karate Kid, where he's doing the waxing the car saying, "What does this have to do with karate," but it does. The relationship to time and how we keep our commitments is directly connected to the respect that everybody has for each other in the culture.

**Danny:** This brings up an interesting question, which is part of culture obviously is being very selective about who gets to be a part of it.

**Robert:** Yes.

**Danny:** If somebody's not a fit, then they don't stay.

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**Robert:** Yes.

**Danny:** That works when you've got an established culture, and you're looking to bring people in and deciding who has to go out, but when you're looking to do this to begin with, what if this just doesn't jive with the implicit values of the organization currently, or even worse, what if with all the best of intentions, it just doesn't jive with the people who are currently at the top?

**Robert:** I'm having trouble understanding how that would come up, like how do you see that coming up?

**Danny:** Let's say that you're in charge of ... You're a senior VP of whatever, and you're there to create a culture. That is your mandate, and the boss wants that, but the boss, either because they don't believe it's important, or because they think they have other things they need to do, or just because they're incredibly disorganized, the boss is never on time.

**Robert:** Mm-hmm (affirmative).

**Danny:** How do you handle that?

**Robert:** Yeah. Yeah, that can be really, really tough. In those situations, I recommend that people see if they can run an experiment. I actually ran into this kind of situation with a company where they said, "We've got culture down. We've got all these things down." It turned out it wasn't. The leadership were not living what they said in the values. I brought in this hack of being on time. They were very, very resistant to it. I said, "Look, here's the reasons for it, et cetera. What we're going to do is we're going to run an experiment."

That's the key word, an experiment, because experiments have a beginning, a middle, and end. They don't last forever. They don't require anybody to change their beliefs. That VP, I would say don't require someone to change. Find out what's important to him, whether that be revenue, profitability, productivity, anything. Say, "I've got this hypothesis based on what I found with how these top cultures work. What's the time period that we could get you to test this out? We're going to test out how it changes things, even KPIs, if we do this for, say, 3 weeks or 4 weeks or whatever you can agree to," whatever they'll agree to.

If they'll only agree to a week, then just take it, because people are hesitant to commit to something that could last forever. They get really, really scared. It becomes a conversation, A, of

learning what's important to that CEO and the leader, and saying, "This is what I believe we can do to impact that. I'm not sure, but can we run an experiment and see if that works?" Oftentimes, they'll be up for that, because it's just 2 weeks of being on time. Nobody's going to die.

If they're not, then I'd say to that VP, I'd say, "Okay, well, now this really comes down to how important culture is to you and to the company," and to point out the discrepancies and just be this truth teller. I think that culture work is oddly ... The word I've been using for it recently is culture work is almost inherently awkward, because it's very awkward to put that kind of mirror up to the CEO and say, "Look, this is what you're doing and this is the behavior you're modeling, and here's what's happening." That's a pretty awkward conversation. It's an awkward conversation to say to somebody, "No," like you just got this task, and "No, and here's the reason why I'm not going to do that." That can get really awkward, because nobody ever got fired for saying yes. Yes, I'll do that. Yes, sir. Yes, ma'am. Yes, yes, yes. If you're really devoted to culture work, you got to get comfortable with being awkward.

**Danny:** Interesting. I guess there's 2 other avenues I want us to look at. The first is a lot of these examples apply to ... There is a company in place. They've had a mental ... The light bulbs come on and it's like, "All right, time to fix culture."

**Robert:** Yeah.

**Danny:** What about the people who get it and they're building their business from the ground up? What could you do to bake that culture in from the beginning?

**Robert:** Yeah. It's really getting clear on what the values are. I've got a process outlined in my book, The Culture Blueprint, about a few ways to do that, but getting clear on what those values are, like for the customer. What's the customer experiencing, you want no matter what. What's the employee experiencing, you want no matter what. What's those things that are truly you hold and honor regardless of if the company is going up or down? The sooner you get clear on that, the more that you can map out the hiring process and everything else according to those values. Because if you're in a startup mode, it's not imperative to do it quickly, and in that sense, you have a little more time, but it's about keeping that note of, "Oh, this was a great experience for the customer. What made that a great experience? What made this a great day for the employees?"

You can eventually correlate it to values or sentences and start keeping track of those, because almost all of my clients are fast-growing companies. Because when you're fast-growing, that's when you realize, "Oh, crap, we can't tell everybody what to do. We can't keep an eye on everything. We need some sort of code to guide behavior," and that code can't be too complicated or people will forget and won't follow it if it's just in some manual of instructions. We need clear, simple, concise credo, principles, values that guide behaviors. That's what you're really getting toward as you grow the culture.

**Danny:** Now let's talk about this in a distributed context. When we started this conversation, you were talking about how the best learning is experiential. You were saying largely that at least most easily happens when somebody is in the room.

**Robert:** Right.

**Danny:** More and more companies these days, and certainly small companies as is the case in my organization, a lot of people that I work with, the organization is distributed. I choose that word carefully. I don't like virtual employees, a virtual team, as if it's not real. It's like a real organization. It's just it's distributed.

**Robert:** I love that.

**Danny:** My organization is spread across 6 countries in the world. How do you do this? Is it easier? Is it harder? Is it different? How does your approach or your insight change in a distributed context?

**Robert:** I'd say it's definitely more challenging. Imagine you have your family spread out in 6 different countries. It's not to say that it's bad. That's not to say that it can't work, but I think that you get both a lot of the good stuff and a lot of the bad stuff having people together, but communication and being able to read non-verbals and being able to jive on the energy on the room. If you've been in a 3 hour meeting in a room versus 3 hour meeting online, you know that it's a very different experience. It doesn't matter how great you make that meeting. You could do a great 3 hour meeting in person. Sitting in front of a computer, you just want to shoot yourself.

I think if you can do it in person, I absolutely would. I think that it's just a lot more natural. These kind of virtual communication tools are new to the human experience. That said, there are



things that you can do. I think the more that you make it human, the better, so video chats instead of just phone calls. Ritual becomes very important. In person, you can do ad hoc meetings very quickly, and it feels you can take care of that, whereas we need more rhythm. I think every company needs rhythm, but especially distributed workforce, that it doesn't matter if things are on fire on Monday at 8am, we're having that meeting. That is our time together. The customers can hit the voicemail.

We need that time every week, doesn't matter what's happening, because it's kind of the way that like in our current work culture, anybody at a regular job relies on that ritual of a weekend. Maybe in an emergency, you come in and work and have to do something, but there's kind of a feeling of rhythm and peace that you can have a totally off or really hard week, but you know you get that Saturday, you know you get that Sunday. These kind of rituals and rhythms are really important. They develop a cultural memory and a cultural consistency. These kind of weekly meetings, quarterly meetings, reviews, ritual, I think, is just something that you have to give a lot more attention to, when you could get away with not doing that as much in a in-person company.

**Danny:**

What are some examples of rituals that a company can institute to create that feeling without ... There's always a danger of meeting creep. It's like a lot of meeting on Monday morning, a lot of meeting on Friday afternoon. Suddenly the whole week is meetings.

**Robert:**

Yeah. There's a difference between ritual meetings and just a, "Shoot, I don't know what to do with this [Biznet 00:26:51] plan. Let me throw Danny in a room right now so we can talk about anything and everything, and maybe we'll figure it out." That's kind of the way meetings are going on that ad hoc kind of nature. I think there's a big difference between that. I think the criteria for a meeting is either I need it to do my job well, or it's a really interesting, fascinating meeting. If it's not one of those 2, it really shouldn't be a meeting. Those should be designed around that.

Typically a company will start off with meetings of updates, and people will say, "What the heck is this for? I could have read this all on the internet and been updated. We wasted so much time with each other." That's not a useful use of a meeting. I don't need that to do my job, but like the Scrum format of saying what you need help with, where your obstacles are, where we could help each other, that's something that we wouldn't otherwise be able to do in a meeting.

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If you hold that criteria of either I need this meeting to do my job or we're going to make it a really interesting meeting for people ... like I just went to Ritz-Carlton's training, and they do an all-company, all-hotel meeting. They do these inspirational stories to keep that value going, and to just remind everybody of what we do and why we do it. They're leaning more on, yeah, we don't need that to do our job, but it's the interesting stories and it's the inspiration based on the value.

**Audra:**

That was Robert Richman reminding you that culture starts at the very top. Whether you're the CEO of a corporation, head of a department, or an entrepreneur just starting out, your task is simple. Identify what isn't working and get rid of it. It could be your own habits and tardiness, or it could be a person who doesn't fit the culture you're trying to create. Culture is all about energy, and it starts with you. Where are you spending your energy? To learn more about culture and how you can create it, go to [robertrichman.com](http://robertrichman.com).

*Voiceover:*

This has been Business Reimagined with Danny Iny. Join us next time as we talk with Joey Coleman.

**Joey:**

The premise of the first 100 days is pretty simple. The first 100 days of your relationship with a new customer or a new client is the most important time in the entire relationship, because it's where the foundation is laid. All the research shows that the lifetime value of a customer can be determined by focusing on the experience that they have in those pivotal first 100 days.

*Voiceover:*

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